

Message Text

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PAGE 01 VALLET 00560 181143Z
ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 IO-13 PM-04 NSC-05 SP-02
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FM AMEMBASSY VALLETTA
TO SECSTATE WASHDC 7388
INFO AMEMBASSY ROME
AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY BONN
AMEMBASSY TRIPOLI
AMEMBASSY ALGIERS
USMISSION NATO
USMISSION EC BRUSSELS

C O N F I D E N T I A L VALLETTA 0560

E.O. 11652: GDS
TAGS: PFOR, FR, IT, MT
SUBJECT: ITALIAN/FRENCH DIALOGUE WITH MALTA

REF: PARIS 13951,

1. FRENCH DESCRIPTION OF LATEST STAGE IN ITALIAN/FRENCH
DIALOGUE WITH MALTA REPORTED REFTEL APPEARS ACCURATE
EXCEPT, TO COIN A PHRASE, THAT AIN'T THE HALF OF IT.

2. MINTOFF'S PROPOSAL TO DEAL WITH BUDGETARY GAP AFTER 1979
IS AS REPORTED BY FRENCH, BUT FIGURES ARE IN MALTESE POUNDS AND
NOT DOLLARS; I.E. A MULTILATERAL BOP ASSISTANCE EFFORT OF 12 MILLION
POUNDS FOR 1979, 8 MILLION FOR 1980 AND 4 MILLION FOR 1981. THIS
TOTAL OF 24 MILLION MALTESE POUNDS (APPROX US DOLS. 56.4 MILLION)
TO BE BORNE EQUALLY BETWEEN NORTH AND SOUTH;
E.E. 12 MILLION BY THE ARABS AND 12 MILLION BY EUROPE.
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PAGE 02 VALLET 00560 181143Z

AS REFTEL INDICATES, SUCH AID WOULD BE IN ADDITION TO
SEPARATE BILATERAL DEVELOPMENT AID, TECHNICAL ASSISTANCE,
AND INVESTMENT THAT MALTA HOPES TO ARRANGE BILATERALLY.
IN THEORY AT LEAST THIS BILATERAL ASSISTANCE PLUS
MALTA'S OWN EFFORT WOULD BE SUFFICIENT SO THAT BY END
OF THREE-YEAR TRANSITIONAL PERIOD THERE WOULD BE NO
NEED FOR BOP ASSISTANCE.

3. WHAT FRENCH FAILED TO MENTION IS THAT MALTESE HAVE ALSO PROPOSED TO FRENCH AND ITALIANS THAT THEY ALSO ASSIST IN BEARING COSTS OF UNEMPLOYED MALTESE DURING THIS PERIOD. AS ITALIAN AMBASSADOR DESCRIBES IT, MALTESE PROPOSAL PROVIDES FOR OUTSIDE SUPPORT AT RATE OF 2500 MALTESE POUNDS PER UNEMPLOYED MALTESE AT LEAST DURING FIRST OF TRANSITIONAL YEARS. WHEN ITALIAN AND FRENCH AMBASSADORS PRESSED (IN SOME DISBELIEF) FOR GREATER SPECIFICS ON THIS IDEA, IT WAS SUGGESTED TO THEM FOR DISCUSSION PURPOSES THEY MIGHT TAKE A FIGURE OF 5000 MALTESE WORKERS FOR WHOM JOBS HAD NOT BEEN FOUND BY 1979. THIS WOULD MEAN ADDITIONAL FINANCIAL SUPPORT OF 12.5 MILLION MALTESE POUNDS, WITH NO INDICATION AT THIS POINT IN DISCUSSION AS TO FUTURE YEARS OR AS TO HOW THIS BURDEN WOULD BE DISTRIBUTED AMONG OUTSIDERS. ITALIAN AMBASSADOR DESCRIBED THIS AS OBVIOUS NONSTARTER BUT AS INDICATIVE BOTH OF DIFFICULTY IN NEGOTIATING WITH MALTESE AND AWARENESS THAT MALTESE FINALLY BEGINNING TO APPRECIATE THE PROBLEM THEY FACE IN 1979. WE HAVE NOT HEARD LOCAL FRENCH REACTION TO THIS PROPOSAL BUT WE EXPECT IT WILL BE AT LEAST AS COLORFUL AS THAT OF ITALIAN AMBASSADOR WHO SAID HE HAS NOT FAILED TO POINT OUT TO MALTESE INCOGRUITY OF GOM ASKING A COUNTRY LIKE ITALY TO GUARANTEE FULL EMPLOYMENT FOR MALTA.

4. ITALIAN AMBASSADOR TELLS US THAT BEFORE RECEIVING LATEST VERSION OF GOM ECONOMIC PROPOSALS, HE AND FRENCH COLLEAGUE CONVEYED TO GOM WHAT THEIR GOVERNMENTS WERE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 VALLET 00560 181143Z

PREPARED TO DO REGARDING GUARANTEES FOR MALTESE NEUTRALITY (PARA 6, VALLETTA 0521). THE TWO AMBASSADORS EMPHASIZED THAT THEY COULD NOT BEGIN DISCUSSION ON ECONOMIC MATTERS UNTIL THEY HAD SOME ASSURANCE FROM GOM THAT THIS LIMITED AND BILATERAL FORM OF GUARANTEE FOR MALTESE NEUTRALITY WAS ACCEPTABLE. FRENCH AND ITALIAN GOVERNMENTS WOULD NOT BE PREPARED TO GO FURTHER ON THIS ASPECT. ITALIAN AMBASSADOR SAID THAT MALTESE PROVIDED SUCH ASSURANCE ALTHOUGH AT THE SAME TIME THEY SAID THAT IF OTHERS (READ ARABS) WERE IN FUTURE TO BE PREPARED TO PROVIDE ADDITIONAL SUPPORT INCLUDING MILITARY ASSISTANCE THIS WOULD NOT BE REFUSED BY THE MALTESE. ITALIAN AMBASSADOR SAYS THAT HE SOUGHT AND GOT UNDERSTANDING HOWEVER THAT THIS KIND OF ASSISTANCE WOULD NOT EXTEND TO THE POINT OF PROVIDING MILITARY BASES ON MALTA NOR WOULD IT INVOLVE MILITARY FACILITIES AGREEMENTS ENCOMPASSING PREFERRED ACCESS TO MALTA. (VALLETTA 208, FEB. 18).

5. ITALIAN AMBASSADOR SAYS THAT MALTESE ECONOMIC

PROPOSALS HAVE BEEN PUT TO BOTH PARIS AND ROME.
LATTER HE SAYS HAS RECEIVED IT IN STONY SILENCE.

6. WE WILL BE COMMENTING SEPARATELY ON SOME OF THE
IMPLICATIONS OF THIS STAGE OF THE DIALOGUE AS WE SEE THEM HERE
IN VALLETTA. LAINGEN

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